

Benefit Eligibility Verification For Full-Time Student Dependents Policy Effective January 1, 2011

If you are a benefitted City of San José employee/retiree with adult children between the ages of 19 and 26 this notification applies to you and your family

The City of San José provides benefits coverage for Adult Children according to the following criteria:

Medical Plans:

- Adult Children between ages 19 and 26 without regard to student or marital status.

Dental, Vision, Employee Assistance Program (EAP) Plans:

- Adult Children between ages 19 and 24 who are unmarried and full-time students.

The City requires employees and retirees to provide proof of their child's full-time student status in order to establish eligibility for coverage under the City's dental, vision, and EAP (actives only) plans through the following calendar year.

Medical Plan Tax Implications

Effective as of March 30, 2010, federal health care legislation provides that employer-provided medical insurance coverage for employee and retiree children, as defined in the federal law, must be made available through the end of the month in which the child attains the age of 26, regardless of student or dependency status. Federal legislation was also enacted to provide that the value of this extended coverage is excluded from employees' and retirees' gross income. Federal tax law has not changed for employer-provided insurance coverage for individuals who are not an employee or retiree spouse, child or dependent defined under federal law as sons or daughters, stepchildren, adopted children (including children lawfully placed for adoption) and eligible foster children (i.e., an individual placed with the participant by an authorized placement agency or by court order).

In view of the above, the City will treat the value of the coverage provided during 2011 as follows for personal income tax purposes:

- The value of coverage that is being extended to children of employees and retirees as defined under federal law, pursuant to the requirements of the 2010 federal legislation, will not be treated as taxable for federal tax purposes,
- The federal and California tax treatment of the value of any coverage that was provided to persons other than an employee's or retiree's spouse or children, as defined under federal law, remains unchanged.

Qualifying Full-Time Student Definition for Dental, Vision, EAP Plans

A full-time student is defined as an employee/retiree's adult child between the ages of 19 and 24 who is enrolled as a full-time student.

Full time enrollment is defined as follows:

- Carrying 12 or more undergraduate units per semester or 12 or more undergraduate units per quarter, or 6 or more graduate units per semester or 6 or more graduate units per quarter, at an accredited college or university, or enrolled in a college or university on a full-time basis as defined by the school; or

- Enrolled in a technical, trade or occupational school on a full-time basis (as defined by the school).

Enrollment Information Required for Dental, Vision, EAP Plans

Proof of enrollment must indicate that the child is either:

1. Enrolled in 12 or more undergraduate units (6 units or more for graduate course work) during the fall term of the year in which Open Enrollment occurs, or the Spring semester of the year of eligibility. Acceptable documents include registration documents listing the number of units in which the student is enrolled, or verification of full-time enrollment submitted on official school letterhead or other official documents; or
2. Enrolled in a technical, trade or occupational school as a full-time student (full-time student as defined by the school) during the fall term (September – December) of the year in which Open Enrollment occurs, or the winter/spring term (January – June) of the year of eligibility. Acceptable documents include registration documents listing the number of units in which the student is enrolled, an invoice for tuition indicating the number of units in which the student is enrolled, or verification of full-time enrollment submitted on official school letterhead or other official school document.

Retirees

Retirement Services has a different frequency schedule for submitting verification. Please refer to the section “Verification of Eligibility” for details.

Enrollment Requirements for New and Newly Benefited Employees’ Children

The City requires all new and newly benefited employees to provide proof of dependency upon initial enrollment. Children who are age 19 through age 24 and who are full-time students may be enrolled in the City’s dental vision and EAP plans with student status verification. Verification must be provided with the benefit enrollment forms or immediately following on-line enrollment (*eWay* Self-Service) within the first 30 days of employment/eligibility.

If the new or newly benefited employee fails to provide FT student status verification for an eligible adult child during the initial 30 day enrollment period, he or she may provide FT student verification to add his or her adult child within 30 days of when initial student status is obtained. Thereafter, students may be enrolled during any future Open Enrollment period in which the adult child meets the eligibility for enrollment.

Retirees

Verification is due at the time of retirement.

Verification of Eligibility

The City has a standardized process to gather student verification for employees and retirees. The City may, however, require proof of full-time student status at any time as this is a condition of enrollment in dental, vision and EAP plans for adult children.

Employees

Employees will be typically required to submit proof of full-time student status each fall during the annual Open Enrollment period, which generally occurs the first two weeks in November. The deadline to submit student verification is **December 1st of each year**. Verification provided during this time will establish a child’s eligibility for benefits coverage beginning on January 1st following the Open Enrollment period.

Retirees

Retirees will be required to submit proof of full-time student status for students who are enrolled in a semester program each fall and again in the spring to qualify for dental and vision benefits. Students that are enrolled in a quarterly program may need to submit proof more frequently.

- ◆ The spring verification period is during the annual Open Enrollment period, which generally occurs the month of November. Verification is due no later than December 31st of each year.

- ◆ The fall verification period generally occurs in August. Verification is due no later than August 31st of each year.

Failure to Provide FT Student Status Verification

The City may send an annual courtesy reminder to employees that identifies the cut-off date for verification and the date coverage will be lost if the verification is not received for the current Open Enrollment period. Generally, verifications during the annual Open Enrollment period will be effective January 1st of the following calendar year.

Retirees

- ◆ If fall full-time student verification is not received, insurance benefits will terminate effective September 1st.
- ◆ If spring full-time student verification is not received, insurance benefits will terminate effective January 1st.

Dependents Turning 19 Years of Age

Employees/retirees will be eligible to continue dental, vision and EAP coverage for a child that is enrolled in benefits at the time he or she turns age 19 provided full-time student verification is submitted.

Gain of Full-Time Student Status

Employees and retirees may request enrollment in dental, vision and EAP coverage when their child gains full-time student status between the ages of 19 and 24 within 30 days of initially entering school on a full-time basis. Coverage will be effective the first of the month following the request. Note: Children who turn 19 and provide student verification will not have a gap in coverage.

Employees/retirees who do not elect to enroll the student upon initial eligibility may request enrollment of an eligible full-time student within 30 days of enrollment in a qualified educational program or during any future annual Open Enrollment period. Student verification will be required for enrollment during the Open Enrollment period.

Benefit Continuation during Medical Leave from School (Michelle's Law)

Employees/retirees may continue dental, vision and EAP coverage for their child who is verified as a full-time student and requires a medically necessary leave of absence from school. The following requirements must be met:

- be an adult child who is between the ages of 19 and 24 and enrolled as a full-time student immediately before the first day of the medical leave
- take a medical leave of absence from school due to injury, illness or medical condition
- provide written certification from his or her physician of the medical need for leave at least 30 days prior to a foreseeable leave or within 30 days after the start of an unforeseeable leave

Loss of Student Status Between the Ages of 19 and 24

Employees/retirees are required to notify Human Resources/Retirement Services within 30 days of their child's loss of full-time student status, which includes a reduction in units, graduation, etc.

Submitting Mid-Year Changes

Employees must notify Human Resources of his/her child's change in student status. A change in student status notification may be made by completing the *Health-Dental-Vision Enrollment/Change* form or *Request to Drop Dependent Coverage* form or may be submitted by letter. This change notice must be submitted to:

For Employees:

Mail to: City of San José – Human Resources
200 E. Santa Clara St, 2nd Floor Wing

San Jose, CA 95113-1905

Fax to: (408) 999-0862

E-mail to: benefits@sanjoseca.gov

For Retirees:

Mail to: City of San José – Retirement Services
1737 N. 1st St, Suite 580
San Jose, CA 95112-4505

Fax to: (408) 392-6732

E-mail to: cristin.cooke@sanjoseca.gov

Dependents Turning 24 Years of Age

All adult children will be terminated from the employee/retiree's dental, vision, and EAP (actives only) coverage on the first day of the month following the month in which the child turns age 24. Under this qualifying event, the child may be eligible for COBRA dental, vision and EAP (actives only) insurance continuation for a period not exceeding 36 months. Human Resources/Retirement Services will send notification of COBRA rights to the child at the employee/retiree's designated mailing address.

Dependents Turning 26 Years of Age (Medical Plans Only)

All adult children will be terminated from the employee/retiree's medical plan coverage on the first day of the month following the month in which the child turns age 26. Under this qualifying event, the child may be eligible for COBRA medical insurance continuation for a period not exceeding 36 months. Human Resources/Retirement Services will send notification of COBRA rights to the child at the employee/retiree's designated mailing address.

Questions?

Employees

If you have any questions or issues regarding this policy, please contact Employee Benefits at benefits@sanjoseca.gov or (408) 535-1285.

Retirees

If you have any questions or issues regarding this policy, please contact Retirement Services at cristin.cooke@sanjoseca.gov or (408) 794-1017.

Employee Benefits and Retirement Services